

**BUDGET SUB MEET & CONFER**  
**OCTOBER 11, 2005, 3:00 PM, WH288**

Attendees: Michael Bentley, Jean Haar, Nina LeNoir, Victoria Peters, Paul Schwinghammer, Linda Wenkel, Barry Wilkins, Jerry Anderson, Karen Foreman, Mike Hodapp, Sandi Jessen, Lynn Akey, Kevin Buisman, David Cowan, Rosemary Kinne, Michael Miller, Steve Smith, H. Dean Trauger, John Winkworth, and Margot Zelenz

**Please note: The agenda and supporting documents can be obtained at Web site <http://www.mnsu.edu/finadm/submeetconfer/>.**

1. **Discussion Item** - There was a question as to whether or not the University was running a deficit. VP Trauger said it was not. Someone may have seen something that gave them that impression, but the rumor is not true.
  
2. **Parking Budget** – David Cowan gave a presentation on the FY06 parking budget. Parking is self-sustaining. David distributed a map that showed the parking spaces on campus. MSU has about 7,200 permit holders, plus about 450 people park in the free lot. Another handout showed the financial activities of the parking program. Receipts as of October 11, 2005 amounted to \$782,246. The budget plan is for \$1,281,100 in receipts. The big revenue producers are gone because permit sales are done for fall semester. Column 8 shows \$240,000 budgeted for citations. As of October 11, 2005, \$35,678 has been collected. There are about 1,000 appeals each year out of 22,000 citations. Meter collections last year amounted to \$21,500. This year's budget is \$18,000 in collections. Almost \$5,000 has already been brought in. The pay lot has 181 stalls that generate revenue. The parking budget used to get an M&E subsidy for traffic guards before the traffic lights went in at the three main intersections on Stadium Road. Since traffic guards are no longer needed, the money was not received this year. The lights were a \$200,000 investment per corner by the county and the city. The remaining "Miscellaneous" revenue of \$10,000 was received as reimbursement for parking cars during the Vikings training camp. The amount generated was \$58,000 in receipts; the \$10,000 was given for payroll and signage. The FY06 parking budget should end with a surplus of \$59,890.

Budgeted expenses amount to \$1,199,025. This includes pay for staff who handle parking responsibilities. Another sheet was distributed that showed the parking program personnel expenditures in detail. It does not include fringes which may be another 35% of the salaries. Personnel expenses are not funded by M&E or student fees.

A fourth sheet that was distributed showed the 2005-06 fall parking stall vacancy study results. There were about 933 gold stalls, 670 purple stalls, 767 orange

stalls, 498 green stalls and 450 free lot stalls. There were sufficient vacancies in the large gold lots so people who bought purple permits were able to upgrade to gold during the past week. Even though the purple permits sold are 35% over the number of stalls available, there are hundreds of vacant purples. There has been a lot of construction this past year, but Lot 6 is now completed. No figures are available for the free lot. It was decided to keep the gravel lot fee and not pave it because if it is paved, it will have to have a permit and a fee.

About \$140,000 of the \$1.2 million budget is spent for bus service. Bicycle racks are also purchased out of parking money. The racks and buses are provided to keep more cars away from campus to benefit permit holders. There are six members on the Parking Advisory Committee which includes bargaining units representatives. MSU entered into a 15 year agreement that leases parking space to University Square. Better signage is being made to make it clearer where orange spaces are in Lot 22. Lot 19 by University Advancement has many more new users because after MSU made the agreement with University Square, the charge to use University Square spots was upped. Lot 22 brown permits cost \$200, and Lot 19 permits cost \$210 which is the cost of a gold permit. It was asked if thought has been given to make Lot 20 a pay lot. There is restricted access to Pay Lot 4, but Lot 20 has many entrances and exits so it would be hard to handle payments. Some students park in Highland, but they get ticketed.

A question was asked about the rationale behind two of the cashiers having 100% of their pay taken out of parking funds when they do more than parking. Jim Schramski is listed as half-time, but he spends 95% of his time in the pay lot. Jim should be 100% out of parking. The funding of these positions will be looked into.

A vacancy survey of the pay lot was not been done. It has not been full that often this fall. For the job fair today, the curb parking on West Road was taken over because the pay lot could not handle all the cars. On bad weather days people will use the pay lot to get closer parking. Part of the \$250,000 collected in the pay lot is from permit holders who have already paid for parking. The price of the pay lot was raised a few years ago to keep it from getting too crowded. It worked at first, but people got used to the price and are again using it more. It was suggested that Lot 4a could be made smaller since, according to the survey, it usually has open spaces. However, the weather has been nice, and there have been a lot of bike riders on campus. They may begin driving cars when the weather gets bad, and then the stalls would be needed in 4a. All stalls in Lot 4a have been sold. There will be a better vacancy rate survey in 4a when the weather gets worse.

- 3. FY06 Summer Session Surplus Distribution** – A summary was included with today's agenda showing how the FY06 summer surplus was distributed by Academic Affairs. The formula for distributing the funds has been used for a

number of years. For the last two to three years the surplus has been over \$1 million. All the support costs are covered out of the regular academic budget. The direct cost of faculty salaries are about all that is charged. The surplus has been going up because of tuition increases, but enrollment was down this summer.

4. **FY06 Utilities** – An update on utilities was included with today's handouts. At the bottom of the report is a summary of last year's total M&E utilities budget. The amount budgeted was \$2.9 million, and the total spent was \$2.3 million. There was about \$600,000 of savings in utilities. This year the FY06 utilities budget was increased by 10%, and expenditures are expected to be about 39% higher because of the increased cost of natural gas. With the 39% increase over last year, it is hoped the increased costs will be covered. The M&E budget for utilities expenditures is \$3.2 million. Caterpillar Financial Services expenses have increased because it is the first full year of leasing the generator. Having the generator has really saved MSU money. Fees and supplies were budgeted at \$10,000 last year, and \$99,000 was spent because one-time money was used for the extension of chilled water and the consultant's fee. With new buildings there was a need for more chilled water. The new student housing was included in the study.
  
5. **FY07 Budget Plan and Tuition Rate Increase: a. FY05-FY07 Budget Plan; b. Budget Key Variables; c. FY06-FY07 Budget Analysis** – MSU's FY07 tuition decision will have to be made by November 15. This is a very short timeline to put the FY07 budget plan together and work with students on the tuition rate increase. Meetings are scheduled with student leadership to discuss the budget situation and the potential tuition increase in FY07. There will be two to three meetings with small student groups and two with the full Student Senate. The students were not represented at BSM&C today, but the information given at this meeting will be shared with them. There were questions on insurance and fringe projections in the FY06 budget, so the institutional budget was changed. The Strategic Initiative fund was increased to \$500,000. The FY05 budget plan was not balanced, but there are always savings on salaries because there is personnel turnover which generates salary savings from what was allocated. The remaining salary savings goes back to the reserve. There were also savings on utilities, so money did not have to be taken from the reserve to balance the FY05 budget. If a department's budget is overspent, the deficit is carried forward to the next year.

The Cabinet is looking at initiatives that have been submitted from divisions that would add more spending to the FY06 budget plan—\$500,000 to \$750,000. This information will be distributed as soon as it is known why various divisions have requested increased position allocations or additional nonsalary money, hopefully, at the next meeting in two weeks. There will be a decision on how far it is possible to go down the initiatives list. The income budget should be met if tuition continues to be collected. The income side of the budget looks solid.

"Scholarships" is a new item added to the budget by the Cabinet to address the increased cost of tuition. MSU has had tuition increases of 15%, 15% and 7% in the last three years, but scholarship programs have not increased by 37%. Scholarship support needs to be increased so the purchasing power of those scholarships is not lost. Student tuition dollars are being used for this. There is a MnSCU Board policy that allows this, but it has to be approved by the President and consultations need to be held with the students. Regarding "New Positions", some positions that are in this new area are for the Capital Campaign, ITS and the Assistant to the President. The reasons and rationale for any additional positions that could be added to the FY06 budget plan will be brought to the next meeting. Details have not yet been finalized through Cabinet discussions. Not all of the bargaining agreements have been finalized, so salary projections are still estimates.

The amount of MSU's appropriation should be known on November 1. It will probably be level or slightly less than what was received in FY06. Cost increases for FY07 will have to be covered by tuition. If that cannot be done, spending will have to be cut in the FY07 budget plan. Strategic Priorities was allocated \$500,000 in the FY06 budget plan. The President wants to increase that amount to \$1 million each year. Whether or not this will be base or one-time money has not been determined. The \$500,000 has been one-time money. A list of what initiatives that have been requested should be available in two weeks. It looks as though the money MnSCU received is the same amount in both years. They are allocating out \$514 million. An allocation loss is anticipated when they do their instructional cost study—probably not much, but it will still be a loss. If MSU is awarded one of the initiatives, the money received will not increase the base.

Tuition cannot be the only way to achieve a balanced budget. Relocation of resources needs to be looked at. New things can be done, but other things have to be let go. The FY07 budget plan is almost \$5 million short because of where the appropriation is. To get the budget balanced it will take an 8% tuition increase.

Regarding targeting enrollment growth, there is a lot of effort put into Friday-Saturday College and distance learning. With a growing enrollment faculty and support staff would have to be added, and space for them is maxed out. The demographics show a downturn in potential students. Given the current building situation, a new academic building may be built in three years which could add to enrollment from a physical standpoint. Enrollment of 13,500 is about as large as MSU can get unless growth is done on a distance basis. It was asked if discounting tuition for Friday-Saturday students would help. There has to be quite a bit of effort put into this, and MnSCU is looking into revenue sources. VP for Student Affairs Pat Swatfager-Haney represents MSU on a revenue model project. Information may be available before our next meeting.

A summary was included with today's handouts showing what is happening with the appropriation and tuition in FY06 and FY07. In FY06 the percent of our total projected revenue from MnSCU was 45.42%. In FY07 with an 8% tuition increase, it is projected to be 43.45%. With an 8% tuition increase in FY07, the total projected revenue from tuition will be 56.55%. The total projected revenue for FY06 is \$115,887,105, and the total projected revenue for FY07 is \$120,776,702. Total expenditures for FY06 are \$115,608,606, and for FY07 they are \$120,664,420 which is a 4.36% change from FY06 to FY07.

6. **FY05 Non-Salary and Encumbrance Carry Forward** – One of today's handouts was a report showing MSU's "FY05 M&E Non-Salary Ending Balance & Carry Forward to FY06" by division/college. If budget is available for encumbrances, the encumbrance is carried forward from FY05 to FY06. Column E of the report indicates if there was enough budget balance available less the encumbrances. A decision was made that library materials and Extended Learning's Friday-Saturday total encumbrances would carry forward to FY06. Fiscal Affairs had a deficit because of an unusual amount of remodeling expenses this past year. There will be a detailed sheet on the Budget Office Web site showing encumbrances.

7. **Information Items on Budget Web Site**  
[http://mnsu.edu/finadm/submeetconfer/index\\_fy06.html](http://mnsu.edu/finadm/submeetconfer/index_fy06.html)

**Revenue Model Project Power Point Presentation –**

**FY04-06 Funded Strategic Initiatives (By Task Force)  
List of FY06 Funding Requests and Approved Initiatives**

8. **Next Two Meeting Dates – October 25 – 3:00 PM and November 8 – 3:00 PM**  
Before the next BSM&C meeting on October 25, the strategic initiatives spending items and the FY06 and FY07 divisional requests will be given. There should be some reports back from the conversations with the student leadership at that meeting. There was a request for a report on the Computer Store, but it will take about four to six weeks to pull the information together. The main focus for the next month will be budget and tuition. Any other items for the agenda should be sent to Rosemary Kinne.